

## **RULE 8 –TRADING**

### **TABLE OF CONTENTS**

#### **Part 8A – General**

8A.01	Determination of Contract Matters
8A.02	Clearing of Exchange Transactions
8A.03	Position Offsets/Adjustments
8A.04	Reserved
8A.05	Reserved
8A.06	Liquidation of Open Contracts
8A.07	Prohibited Practices
8A.08	Trading Against Customer Orders, Crossed Trades
8A.09	Pre-Execution Communications, Pre-Arranged, Pre-Negotiated and Non Competitive Trades
8A.10	Disruptive Trading Practices Prohibited
8A.11	Priority of Execution
8A.12	Misuse of Trading System

#### **Part 8B –Trading System**

8B.01	Access to Trading System
8B.02	Reserved
8B.03	Clearing Authorizations and System Managed Accounts
8B.04.1	Unique Trader Identifiers; Authorized Trader ID/WebICE ID
8B.04.2	Authorized Trader Management System
8B.05	Reasonability Limits
8B.06	Orders
8B.07	Opening Orders and the Opening Match
8B.08	Reserved
8B.09	Spreads Straddles and Other Strategies
8B.10	Contractual Relationships - Transactions
8B.11	Termination, Suspension and Trade Invalidation/Cancellation
8B.12	Settlement Prices for Futures Contracts
8B.13	Emergency Suspension
8B.14	Recording and Reporting
8B.15	Retention of Order Information

#### **Part 8C – Ancillary Transactions and Processes**

8C.01	Ancillary Transactions and Processes
8C.02	Reserved
8C.03	Exchange of Futures for Physical (“EFP”)
8C.04	Exchange of Futures for Swap (“EFS”) and Exchange of Options for Options (“EOO”)
8C.05	Give-Ups
8C.06	Allocation by Give-Up
8C.07	Reserved
8C.08	Position Transfers

## **Part 8D – Options**

8D.01	Options Definitions
8D.02	Application of Rules
8D.03	Unit of Trade
8D.04	Authorization of Trading
8D.05	Strike Price Multiples
8D.06	Settlement Price
8D.07	Premium Payments
8D.08	Advance Notice of Expiry
8D.09	Expiry Day
8D.10	Right of Exercise
8D.11	Automatic Exercise
8D.12	Method of Exercise
8D.13	Margins
8D.14	Negotiated Option Strategy

Appendix A Error Trade Policy

Appendix B Message Use Policy

Appendix C Procedure Requirements for Unique User Information

Appendix D Self-Trade Prevention Policy

## RULE 8 – TRADING

### Part 8A General

#### 8A.01 Determination of Contract Matters

Unless otherwise set out in the specific contract rule, the following rules apply to all contracts;

- a. The President or his designate shall determine the trading hours for Trading System transactions and for Non-Trading System transactions.
- b. The closing period shall be a one-minute period of time, beginning six (6) minutes prior to the close of trading and ending five (5) minutes prior to the close of trading. Notwithstanding the foregoing, the President or his designate may modify the closing period as required in the interest of maintaining an orderly and proper market.
- c. Orders shall be matched on a First-In-First-Out basis at a given price level.
- d. Price Reasonability Limits for Futures Contracts shall be:

- (1) Canola – 80 ticks (\$8.00)

Price Reasonability Limits for Options Contracts shall be calculated as a percentage range around each option's theoretical premium value. The theoretical value is calculated using the Black-Scholes model, based on the previous day's settlement volatility. For deep out-of-the-money options with low theoretical value, a minimum price range will be used.

- e. Interval Price Limits, IPL Recalculation Periods, and IPL Hold Times for Futures Contracts shall be:

<u>Commodity</u>	<u>Interval Price Limit</u>	<u>IPL Recalculation</u>	<u>IPL Hold time</u>
Canola	90 ticks (\$9.00)	30 seconds	10 seconds

- f. Contract Grades

- (1) In respect to futures contracts the grades, premiums or discounts fixed by the Exchange and in force at the time of making such contract, shall govern.
- (2) In the event that the Exchange sanctions new varieties, descriptions or grades of commodities traded on the Exchange which, in the opinion of the Exchange are equivalent to or higher than the minimum acceptable variety, description or grade currently deliverable, then the Exchange may authorize delivery of any commodity conforming to such new descriptions or grades against open futures contracts, at par or at such premiums or discounts as it will determine.

**Amended by the Board April 12, 2013; effective June 1, 2013 [8A.01 ¶ g. and h. deleted].**

**Amended effective March 14, 2014 [8A.01 ¶ d(i) revised].**

**Amended by the Board November 30, 2015; effective Trade Date January 25, 2016 [8A.01 b.]**

**Amended by the Board October 25, 2017; effective Trade Date October 26, 2017 [8A.01 d. (2), (3), and (4); and e. removal of milling wheat, durum wheat and barley].**

## **8A.02 Clearing of Exchange Transactions**

All contracts for futures and options thereon made between Persons (whether acting as principals or agents) shall be cleared through the Clearinghouse in accordance with its Rules, By-laws, Policies and Operations Manual.

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017.**

## **8A.03 Position Offsets/Adjustments**

- a. FCM Clearing Participants must update their positions in the manner specified in the ICE Clear Canada Rulebook and Operations Manual and as otherwise instructed by ICE Clear Canada.
- b. Offsets, or “close-outs”, must be reflected in the FCM Clearing Participant’s reported positions no later than the morning adjustment deadline, as set out in the ICE Clear Canada Rulebook and Operations Manual, on the second Trading Day following the date of the offsetting trade,
- c. In the case of positions transferred from one FCM Clearing Participant to another, the above-noted timeframe still applies from the date of the offsetting trade (not the date of the transfer). The receiving FCM Clearing Participant has the responsibility to determine whether an offset is permissible under this rule, prior to accepting the incoming position.
- d. If a Clearing Participant wishes to offset concurrent long and short positions other than as permitted under this Rule, they must receive specific written permission from staff of the Regulatory Division.
- e. During the delivery month, and one (1) Trading Day prior to the first delivery day, offsets must be reflected in the FCM Clearing Participant’s reported positions no later than the morning adjustment deadline, as set out in the ICE Clear Canada Rulebook and Operations Manual, on the Trading Day following the date of the offsetting trade.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8A.03 ¶ a., b., e.].**

## **8A.04 Reserved**

**Amended by the Board April 12, 2013; effective June 1, 2013; [8A.04 deleted].**

## **8A.05 Reserved**

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [8A.05 deleted].**

## **8A.06 Liquidation of Open Contracts**

After facilities for trading in commodity futures in any delivery month have been withdrawn, outstanding contracts shall be liquidated either:

- a. by delivery through the Clearinghouse; or
- b. by the transfer provisions set out in Rule 8C.08 b.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8A.06 ¶ b].  
Administrative amendment effective June 1, 2013 [8A.06 ¶ b].**

## 8A.07 Prohibited Practices

No Person shall:

- a. purport to make, or report, or purport to report any false or fictitious transaction;
- b. knowingly give or accept an order for the purchase or sale of any commodity that involves no change in the beneficial ownership thereof; or
- c. place or accept buy and sell orders in the same product and expiration month, and or a put or call option, the same strike prices, where the Person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (such transactions known as “wash trades” or “wash sales”). Buy and sell orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such orders by direct or indirect means; or
- d. make or report any crossed trade, except in such manner as may be prescribed by these Rules.

**Amended by the Special Regulatory Committee, September 9, 2013; effective October 16, 2013; [8A.07 new sub-section c; sub-section d. changed and then renumbered from c. to d].  
Amended by resolution of the Special Regulatory Committee [8A.07 first sentence; c.]**

## 8A.08 Trading Against Customer Orders, Crossed Trades

The following shall apply to all transactions on the Trading System, except those conducted on or through ICE Block or other designated system.

- a. Trading Against Customer Orders – A Person shall not knowingly cause to be entered or knowingly enter into a transaction in which that Person takes the opposite side of an order entered on behalf of a customer, for the Person’s own account, or for an employer’s proprietary account, unless the customer order has been entered immediately upon receipt and has first been exposed on the Trading System for a minimum of five (5) seconds for futures contracts and a minimum of fifteen (15) seconds for options contracts. Such transactions that are unknowingly consummated shall not be considered to have violated this rule.
- b. Crossed Trades
  - (1) Independently initiated orders on opposite sides of the market for different beneficial account owners that are required to be entered into the Trading System immediately, and which are so entered, even if such orders are immediately executable against each other, may be entered without delay, provided that the orders did not involve pre-execution communications.
  - (2) Opposite orders for different beneficial accounts that are simultaneously placed, by a party with discretion over the orders and/or the accounts, may be entered provided that one order is exposed on the Trading System for a minimum of five (5) seconds for futures contracts and a minimum of fifteen (15) seconds for options contracts.
  - (3) An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order entered by the same entity, only if the second order has been entered immediately upon receipt and

has been exposed on the Trading System for a minimum of five (5) seconds for futures contracts and a minimum of fifteen (15) seconds for options contracts.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8A.08].**

**Amended by the Special Regulatory Committee, September 9, 2013; effective October 16, 2013 [8A.08 sub-section b., points (1), (2) & (3)].**

**Amended by the Special Regulatory Committee, December 6, 2013; effective March 3, 2014 [8A.08 sub-section b., title change].**

**Administrative amendment effective June 1, 2014 [8A.08 a. removal of reference to Floor Broker].**

**Amended by resolution of the Special Regulatory Committee [8A.08 a.]**

#### **8A.09 Pre-Execution Communications, Pre-Arranged, Pre-Negotiated and Non Competitive Trades**

Pre-execution communications are communications between two (2) or more Persons for the purpose of discerning interest in the execution of a transaction prior to the entry of an order on the Trading System.

- a. No Person shall engage in pre-execution communications, or pre-arrange or pre-negotiate any purchase or sale or non competitively execute any transactions on the Trading System, except as provided in subsection b. of this rule. A violation of this rule is considered a serious violation of Exchange rules.
- b. Persons may engage in pre-execution communications under the following circumstances:
  - (1) Pre-execution communications are only permitted for outright options, calendar spread options, and strategies which include outright options or calendar spread options. Pre-execution communication is not permitted on outright futures or futures-futures spreads.
  - (2) Persons wishing to engage in pre-execution communication on behalf of a customer must first obtain consent from that customer to conduct pre-execution communication on its behalf.
  - (3) Persons engaging in pre-execution communication must not disclose the details of such communications to any Person not involved in the communications.
  - (4) Persons engaging in pre-execution communication must not enter orders to take advantage of information obtained or conveyed during such communications.
  - (5) Each order that results from pre-execution communication must be executed by entry into the Trading System by use of the Crossing Order ("CO") functionality, consisting of both the buy and sell orders.
  - (6) Once the terms of a CO have been agreed upon by the counterparties, the entry of the CO shall be submitted into the trading system as soon as practicable, and an RFQ may not be submitted into the trading system until the CO transaction is completed.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8A.09 2<sup>nd</sup> paragraph].**

**Amended by the Special Regulatory Committee, December 6, 2013; effective March 3, 2014 [8A.09 sub-section a.; added sub-section b.]**

**Amended by resolution of the Special Regulatory Committee [8A.09 first sentence; a.; b.; b.(2), (3) and (4)]**

#### **8A.10 Disruptive Trading Practices Prohibited**

- a. No Person shall knowingly enter, or cause to be entered, bids, or offers into the Trading System other than in good faith for the purpose of executing bona fide transactions.
- b. No Person shall enter an order or market message, or cause an order or market message to be entered, with:
  - (1) the intent to cancel the order before execution, or modify the order to avoid execution;
  - (2) the intent to mislead other Persons;
  - (3) the intent to overload, delay, or disrupt the systems of the Exchange or other market participants;
  - (4) the intent to disrupt the orderly conduct of trading, or the fair execution of transactions; and/or
  - (5) reckless disregard for the adverse impact of the order or market message.

**Amended by the Special Regulatory Committee November 28, 2014; effective Trade Date January 14, 2015; [8A.10 added b.].**

**Amended by resolution of the Special Regulatory Committee [8A.10 a.; b.; b.(2)]**

#### **8A.11 Priority of Execution**

- a. Customer orders shall be entered into the Trading System in the sequence received. Customer orders that cannot be immediately entered into the Trading System must be entered when the orders become executable in the sequence in which the orders were received.
- b. No Person shall submit any order for a personal or proprietary account until all executable customer orders in the same contract and, at the same price or “at market”, have been entered into the Trading System in their entirety.

**Amended by resolution of the Special Regulatory Committee [8A.11 a. and b.]**

#### **8A.12 Misuse of Trading System**

Misuse of the Trading System or any part thereof is strictly prohibited. It is strictly forbidden to either willfully or negligently engage in unauthorized access to the Trading System, to assist any individual in obtaining unauthorized access to the Trading System, to trade on the Trading System without the authorization of a Clearing Participant, to alter any equipment associated with the Trading System, to interfere with the operation of the Trading System, to intercept or interfere with information provided on or through the Trading System, or in any way to use the Trading System in a manner contrary to the Rules.

### **Part 8B Trading System**

#### **8B.01 Access to the Trading System**

- a. Only Direct Access Trading Participants will be permitted to directly access the Trading System through Locally Managed Account access, and only with the agreement of their Clearing Participant and the Exchange.
- b. Direct Access Trading Participants are eligible to trade on or through the Trading System and permit their employees and customers to trade on or through the Trading System provided they meet and adhere to all requirements in the Rules.

- c. Direct Access Trading Participants must, in respect of all business conducted on or submitted through the Trading System:
- (1) be a Clearing Participant; operate in compliance with a registered Clearing Authorization and Guaranty; or operate under a SMA issued by a Clearing Participant.
  - (2) establish its trading arrangements such that that all Rules are complied with;
  - (3) implement suitable security measures such that only those individuals explicitly authorized to trade (“Users”) by the Direct Access Trading Participant may gain access to Trading System;
  - (4) keep the Exchange promptly informed of any issues concerning a User which might reasonably be expected to be disclosed to the Exchange. This duty shall arise as soon as the Direct Access Trading Participant becomes aware, or has reasonable grounds for believing, that a matter requiring disclosure has arisen;
  - (5) ensure that any access to the Trading System granted is:
    - (i) adequately controlled and supervised, including that the Direct Access Trading Participant must have the ability to make appropriate risk management and other checks of Users before any orders are submitted to the Trading System, and
    - (ii) uniquely identified in accordance with the rules on User Identification, and the Procedure attached to Rule 8 as “C” Procedure Requirements for Unique User Information”.
- d. Each Clearing Participant, and each Direct Access Trading Participant operating in compliance with a Clearing Authorization and Guaranty, may be assigned one (1) or more Member Mnemonics as required to accommodate the nature and volume of its business.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8B.01 ¶ a., b., c. (3), (5) (i), d.].**

## **8B.02 Reserved**

**Amended by the Board April 12, 2013; effective June 1, 2013; [8B.02 ¶ a.].**

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [8B.02 deleted].**

## **8B.03 Clearing Authorizations and System Managed Accounts**

- a. Prior to conducting any Exchange transactions, or permitting its employees or customers to conduct any Exchange transactions a Direct Access Trading Participant must either:
- (1) enter into and register with the Exchange, a Clearing Authorization and Guaranty signed by a Clearing Participant; or
  - (2) have been issued one or more SMAs by a Clearing Participant; or
  - (3) become a Clearing Participant.



A Clearing Authorization and Guaranty shall be submitted to the Exchange by the Clearing Participant and the Direct Access Trading Participant in the form required by the Exchange.

- b. A Clearing Participant guarantees the financial obligations of all Direct Access Trading Participants (and all employees and customers that the said Direct Access Trading Participant provides Trading System access to under the provisions of the Rules) that it executes a Clearing Authorization Guaranty form for or issues one or more SMAs for.
- c. A Clearing Participant may revoke a Clearing Authorization and Guaranty. The revocation must be in writing and sent to the Exchange and to ICE Market Operations. The revocation will not become effective until the Clearing Participant is advised, by email, that the Exchange and/or ICE Market Operations has received the revocation. The revocation can be without notice to the Direct Access Trading Participant at issue. The Clearing Participant remains responsible for all transactions of the Direct Access Trading Participant (and all employees and customers that the said Direct Access Trading Participant provided Trading System access to) prior to the time the Exchange and/or ICE Market Operations acknowledges receipt of the revocation. Upon receipt of a revocation, the Exchange and/or ICE Market Operations will then terminate such connections and cancel all orders of the Direct Access Trading Participant and its employees and customers.
- d. A Clearing Participant may revoke one or more SMAs without notice to the Direct Access Trading Participant. However, the Clearing Participant remains responsible for all orders entered into the Trading System under the SMA(s).
- e. If at any time, a Clearing Participant revokes a Clearing Authorization and Guaranty, or revokes an SMA, the affected Direct Access Trading Participant's participant status and all trading privileges will immediately be suspended for up to thirty (30) days. If a Direct Access Trading Participant is unable to meet the requirements of sub-rule a. within thirty (30) days, its participant status will be terminated.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8B.03 ¶ b].**  
**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [8B.03 a.; added e.].**

#### **8B.04.1 Unique Trader Identifiers; Authorized Trader ID / WebICE ID**

- a. All Persons must have a unique trader identifier that is attached to every order entered into the Trading System. Persons that access the Trading System via WebICE will be assigned a unique WebICE ID. Persons that access the Trading System via a FIX system must be assigned a unique Authorized Trader ID. WebICE IDs and Authorized Trader IDs must be assigned in accordance with the procedures established by the Exchange from time to time.
- b. All Persons with access to the Trading System that are not utilizing WebICE, must utilize a front-end application that automatically populates the field for Authorized Trader IDs and this field must be populated for every order entered into the Trading System.
- c. Each operator and administrator of an Automated Trading System must also have, and use, on every order, an Authorized Trader ID.
- d. WebICE IDs and Authorized Trader IDs may only be used by the Person assigned to such unique identifier. There are no circumstances in which a WebICE ID or an Authorized Trader ID may be utilized by anyone other than the Person, operator or administrator, as the case may be, to whom such unique identifier has been assigned.

**Amended by the Special Regulatory Committee January 24, 2017; effective Trade Date March 1, 2017 [New 8B.04.1].**  
**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [8B.04.1 (a., b., and d.).]**

#### **8B.04.2 Authorized Trader Management System**

Direct Access Trading Participants are required to enter and keep current the Required Information (as defined below) into the ICE Authorized Trader Management System (ATMS) for the following Persons which access the market through that Direct Access Trading Participant's connection(s):

- a. individual Participants that are registered under Rule 4, in any Participant class and category;
- b. all employees of Participants which are registered under Rule 4, in any Participant class and category;
- c. All individuals that are part of the Non-Direct Access Liquidity Provider Program (NDALPP);
- d. all employees of companies that are part of the NDALPP; and
- e. any other individual trader for whom registration in ATMS is determined to be required by the Regulatory Division.

For the purpose of this Rule and the requirements pertaining to ATMS, "Required Information" means all of the fields required in ATMS, including but not limited to, the trader's full name, the trader's employing company (if applicable), the trader's email address, the trader's phone number, the trader's country of residence, and, if applicable, the trader's role in the employing company.

**Amended by the Special Regulatory Committee January 24, 2017; effective Trade Date March 1, 2017 [New 8B.04.2]**  
**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [8B.04.2 a., and b.].**

#### **8B.05 Reasonability Limits, Interval Price Limits, and Anchor Price for Futures**

- a. The Exchange sets and may vary Reasonability Limits ("RL") and Interval Price Limits ("IPL") on futures within the system for each Contract, beyond which the Trading System will not execute orders.
- b. RLs are updated based on market activity, whereas IPLs are updated based on market activity and time.
- c. Beyond the RLs and IPLs, the Trading System will not execute orders unless the market moves to bring them within the RL or IPL. Orders to sell at prices below the lower RL or IPL, and orders to buy at prices above the upper RL or IPL, will not be accepted by the Trading System.
- d. Any buy (sell) order which attempts to execute or rest above (below) the IPL will trigger a "Hold" state in that direction (buy or sell) for a defined period of time, in that contract. Any unfilled volume on the order which triggered the IPL Hold will be withdrawn.

- e. During an IPL Hold, any order priced outside the IPL boundary in the direction of the hold (buy or sell) will be rejected by the Trading System.
- f. The Anchor Price for futures is set by the Exchange and is based on the front contract month or other month as determined by the Exchange. The price may be the previous settlement price, the opening call price or the last traded price. The Anchor Price of the second contract month and successive months onward is achieved by applying spread differentials against the front month anchor price.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8B.05 ¶ a., c., e.].**

## **8B.06 Orders**

- a. An order entered into the Trading System shall be in one of the following order types:
  - (1) “Market orders” – Market orders are executed at the best price or prices available in the order book at the time the order is received by the Trading System until the order has been filled in its entirety. However, a market order will not trade outside of the No-Cancellation Range, as defined in the Error Trade Policy. Any residual volume from an incomplete market order is cancelled. Market orders are rejected if the market is not open.
  - (2) “Limit orders” – Limit orders are orders to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from an incomplete limit order is retained in the central order book until the end of the day unless it is withdrawn or executed.
  - (3) “Stop Limit orders” – Stop limit orders are placed below the market in the case of a selling order, or above the market in the case of a buying order. Note there may also be stop-limit functionality in front-end systems which may operate differently than set out below.
    - (i) Stop limit orders have two price parameters; the trigger price, and the limit price. A user may specify the two prices separately, or may enter only the trigger price in which case the Trading System will automatically generate a limit price at the maximum permissible price differential.
    - (ii) The maximum price differential of the trigger price and the limit price is the No Cancellation Range (“NCR”) for that contract. See the Error Trade Policy for more information on NCRs.
    - (iii) Stop limit orders remain inactive until a trade occurs in the market at the trigger price (or better).
    - (iv) Once a stop limit order is triggered, it then becomes a limit order at the limit price.

Notwithstanding the above, in the event of an IPL Hold, the Trading System will temporarily reset the limit price of Stop Orders that are elected to the Interval Price Limit, while the IPL Hold condition exists. At the end of the IPL Hold period, the limit price on any remaining volume will be restored to its original value.

- (4) “Stop Orders with Protection” – A Stop Order with Protection operates in the same manner as a Stop Limit order, but has a limit price set by the Trading System. The limit price is the NCR differential for that contract from the stated

stop price. When a trade has occurred in the Trading System at or through the stop price, the order becomes executable and enters the market as a Limit order at the system-set limit price. The order will be executed at all price levels from the stop price up to and including the limit price. If the order is not fully executed, the remaining quantity of the order will remain active in the Trading System at the limit price

Notwithstanding the above, in the event of an IPL Hold, the Trading System will temporarily reset the limit price of Stop Orders that are elected to the Interval Price Limit, while the IPL Hold condition exists. At the end of the IPL Hold period, the limit price on any remaining volume will be restored to its original value

(5) "Trade at Settlement" - Trade at Settlement ("TAS") orders are orders to buy or sell a stated quantity at the following prices:

(i) for outright Futures Contracts, the Settlement Price for the contract on that Trading Day, or up to five (5) ticks above or below the Settlement Price on that Trading Day; or

(ii) for Calendar Spreads, the spread differential between the Settlement Price of the component Futures Contracts of the Calendar Spread on that Trading Day, or up to five (5) ticks above or below this spread differential.

(iii) TAS orders may only be submitted in the Futures Contracts and Calendar Spreads specified by the Exchange, during the time period specified by the Exchange. TAS orders may result in trades outside the Daily Price Limits.

b. An order entered into the Trading System may also contain one (1) of the following functionalities:

(1) "Reserve Quantity orders" (also known as "Iceberg") - An order entered into the Trading System may specify a maximum disclosure volume to be shown to the market, enabling the order to be released gradually without revealing the full size. The unrevealed part of the order is released only when the first part of such order is completely filled. When each portion of the order is released, it is placed in its entirety at the end of the order priority queue.

(2) "Good After Logout orders" – Good After Logout ("GAL") orders remain in the Trading System even after the trader has logged out or the connection to the Trading System is lost. However, all orders, including GAL orders, will be deleted when the Trading System closes at the end of the trading session.

(3) "Fill And Kill orders" – Fill And Kill orders execute whatever volume is available in the Trading System at the specified price, and cancel any unfilled volume.

(4) "Fill Or Kill orders" – Fill Or Kill orders will return unable unless the entire volume is immediately executable in the system at the specified price.

(5) "Good 'Til Cancelled orders" – Good 'Til Cancelled ("GTC") orders remain in the Trading System until such time as they are cancelled or filled in their entirety. GTC orders retain their priority in the matching engine based on the date and time they were entered.

- (6) Good Til Date (“GTD”) orders remain in the Trading System until the end of the trading session specified by the user, or until they are filled in their entirety or cancelled by the user. GTD orders retain their priority in the matching engine based on the date and time they were entered.
  - (7) Good Til Date & Time (“GTD&T”) orders - remain in the Trading System until the date and local time specified by the user, or until they are filled in their entirety or cancelled by the user. Good Til Date/Time orders retain their priority in the matching engine based on the date and time they were entered.
- c. The orders noted above describe ICE Platform functionality only. Other order types including, but not limited to, Stop Market, Opening, and Market On Close, may be taken by brokers from their clients in accordance with applicable rules.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8B.06 a. (3) (4), b.].**  
**Amended by the Board April 30, 2015; effective Trade Date June 29, 2015 [8B.06 b. (6)].**  
**Amended by the Board November 30, 2015, effective Trade Date February 1, 2016 [8B.06 a. (5)].**  
**Administrative amendment effective Trade Date January 27, 2017 [8B.06 b. (7) added].**

#### **8B.07 Opening Orders and the Opening Match**

- a. During the Pre-Open Session designated by the Exchange, traders may not enter Market Orders, FAK orders, or FOK orders. New options orders are also not permitted during the Pre-Open.
- b. Throughout the Pre-Open Session, an Uncrossing Algorithm will run at regular intervals and will provide indicative opening prices and volumes for futures to all Users logged on at that time.
- c. The period of time after the termination of the Pre-Open Session and prior to the Open of trading, shall be referred to as the “Opening Match”. During the Opening Match, all Limit orders in futures designated as active during the Pre-Open Session may be matched, as appropriate, resulting in executed Trades at the Opening Match price. The price level and quantity of contracts traded during the Opening Match will be determined by an Uncrossing Algorithm determined by the Exchange.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8B.07 a., b., c.].**  
**Amended by the Board April 30, 2015; effective Trade Date September 4, 2015; [8B.07 b.].**  
**Administrative amendment effective Trade Date January 27, 2017 [8B.07 a.].**

#### **8B.08 Reserved**

**Amended by the Board April 12, 2013; effective June 1, 2013; [8B.08 deleted].**

#### **8B.09 Spreads, Straddles, and other Strategies**

- a. A spread trade is two simultaneous trades, one buy and one sell, involving different contracts (futures, options, or both) within the same commodity for the same beneficial owner.
- b. A straddle trade is two simultaneous trades, one buy and one sell, involving the same or different contracts (futures, options, or both) of different commodities for the same beneficial owner.
- c. Other multi-contract strategies, in addition to spread and straddles, may also be traded for the same beneficial owner, provided they are facilitated by the Trading System.

- d. Coupling and executing separate orders as a spread, straddle, or other strategy is prohibited.
- e. When an order has been executed in the wrong month, wrong strike price or wrong commodity, and the erroneous transaction has been placed in the broker's or firm's error account, the error may be corrected by a spread, straddle, or other two-contract strategy in which one leg of the trade offsets the position in the error account and the other leg is the correct execution of the order.

#### **8B.10 Contractual Relationships – Transactions**

The matching of a valid bid with a valid offer through the Trading System shall constitute an offer and acceptance and conclude a Transaction between the relevant entities.

#### **8B.11 Termination, Suspension and Trade Invalidation/Cancellation**

- a. The Exchange may extend the hours of, terminate or suspend a Trading Day for one or more contracts in the interests of maintaining an orderly and proper market.
- b. A Transaction made, or purported to be made, may be declared invalid in the circumstances set out in the Error Trade Policy affixed to the end of this Rule.

**Amended by the Board November 1, 2013; effective November 20, 2013; [8B.11, sub-sections a. and b.]**

#### **8B.12 Settlement Prices for Futures Contracts**

- a. Whenever reference is made in these Rules to the "Official Settlement Price" it shall:
  - (1) mean the price used by the Clearinghouse to effect daily settlements;
  - (2) be the price from which daily limits on price movement shall commence;
  - (3) be the basis for calculation of customer's margins; and
  - (4) be the price from which TAS pricing is determined.
- b. The settlement price shall be:

A price calculated in the sole discretion of the Exchange which takes into account a number of market factors, including but not limited to:

  - (1) the weighted average of trades within the Closing Period;
  - (2) trades within the current Trading Day;
  - (3) the spread relationship between months;
  - (4) bids and offers in the market.
  - (5) the previous day's settlement price.
- c. Any objections or appeals to the published settlement price must be brought to the attention of the Exchange within fifteen (15) minutes of publication.

- d. Upon objection or appeal, the Exchange shall, in its sole discretion, review market factors and/or consult Persons before amending the settlement price. The Exchange alone will make the final decision as to the determination of the Official Settlement Price.
- e. No amendment to an Official Settlement Price may be made without the express approval of the President or his designate.

**Amended by the Board November 30, 2015; effective Trade Date February 1, 2016 [8B.12 a. (4)].**  
**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [8B.12 d.].**

### **8B.13 Emergency Suspension**

- a. Notwithstanding, and without prejudice to any other provision of the Rules, the Exchange may, upon reasonable belief that immediate suspension is necessary to protect the interests of the Exchange and/or its participants and/or to ensure an orderly market, suspend for up to seven (7) Business Days the right of any Person, or any account or account(s), to access the Trading System and conduct any trading on the Exchange. Additionally, the Exchange has the right to direct any Person(s) to immediately terminate the connection of any other Person or any account(s) to the Trading System.
- b. Any Person whose access is suspended under this Rule will have the right to a hearing before three members of the Special Regulatory Committee, and:
  - (1) The hearing must be requested, in writing, within seven (7) days of the date of suspension;
  - (2) The hearing will be held within seven (7) days of the request for a hearing; and
  - (3) The procedures for the hearing will generally be as set out in Rule 10G, although they may be varied by the Special Regulatory Committee as it deems appropriate in all of the circumstances.
- c. In the event that a Person whose trading access has been suspended under this Rule does not request a hearing on the basis set out in subpart b. of this Rule, the suspension will become permanent and the Exchange may take such additional action as it deems necessary in all of the circumstances, including, without restricting the generality of the foregoing, a hearing under the provisions of Rule 10.

**Amended by the Board November 22, 2016; effective Trade Date December 16, 2016 [8B.13 new a.b. and c.].**

### **8B.14 Recording and Reporting**

- a. In addition to the information required in this Rule, Persons must ensure that each customer order received for execution on the Trading System is recorded and time-stamped immediately. The order record must be time-stamped again upon any revisions and also at the time of any cancellation of the order.
- b. Order records must be maintained on order slips or by electronic order routing systems, and must comply in all respects with this Rule.
- c. If an order record is created, it must contain the following information:
  - (1) Participant or client identification;
  - (2) buy/sell;
  - (3) volume;

- (4) contract;
  - (5) put/call and exercise price (if applicable);
  - (6) delivery/expiry month;
  - (7) price, where applicable;
  - (8) order type, e.g. GTC, market, etc.;
  - (9) details of the discretion given by the client, if any; and
  - (10) particulars of any amendments to the order.
- d. All order records, of whatever kind, must be:
- (1) robust, secure and not able to be altered;
  - (2) made available immediately on the day of the transaction and within a reasonable time thereafter when requested by the Exchange; and
  - (3) provided in a manner transparent and able to be easily understood by the Exchange.
- e. Any Person which chooses to employ an electronic system for order routing must have suitable contingency procedures in place in the event of a systems failure, which may include back up systems or recovery to a paper-based audit trail, such that no loss of audit trail data can occur.
- f. It shall be the duty of each Person that submits an order to the Trading System to input for each order the correct CTI code and account designation. A suspense account may be used at the time of order entry, provided that a contemporaneous written record of the order, with the correct account designation, is made and time-stamped in accordance with Exchange rules, and provided that the correct account designation is entered into the Clearing System prior to the end of the Trading Day.
- g. With respect to orders received by a Person which are immediately entered into the Trading System, no separate record need be made. However, if a Person receives an order that is not immediately entered into the Trading System, a separate record of the order containing all required order information must be made.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8B.14 ¶ f., g.].**

**Amended by the Special Regulatory Committee June 3, 2015; effective June 23, 2015; [8B.14 c.]**

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [8B.14 a., e., f., and g.].**

#### **8B.15 Retention of Order Information**

Information required on orders must be retained by Persons for a period no less than seven (7) years from the date of the Transaction.

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017.**

### **Part 8C Ancillary Transactions & Processes**

For the purposes of this Part C of Rule 8, the following definitions apply:

Affiliated Entity – means companies with common ultimate ownership, and includes a parent and subsidiary company relationship.



Legal Entity – means one company, cooperative, limited liability company, or similar.

**Amended by the Special Regulatory Committee, September 9, 2013; effective October 16, 2013 [new definitions for Part C].**

### **8C.01 Ancillary Transactions and Processes**

The following Ancillary Transactions are submitted to the Exchange in the manner and through the applications designated from time to time;

- a. Exchange for Physical;
- b. Exchange for Swap
- c. Exchange of Options for Options
- d. Give-ups;
- e. Negotiated Option Strategy; and
- f. Position Transfers.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8C.01 1<sup>st</sup> paragraph; ¶ b., c.].**

### **8C.02 Reserved**

**Amended by the Board April 12, 2013; effective June 1, 2013; [8C.02 deleted].**

### **8C.03 Exchange of Futures for Physical (“EFP”)**

At the time an EFP is effected, the buyer and seller of the futures must be the same seller and buyer, respectively, of the cash contract, or may be an Affiliated Entity to the seller or buyer of the cash contract, except as provided for in this Rule. The futures contracts may be exchanged at a price that is outside of the daily range. The principals involved must be able to substantiate to the Exchange that the price at which the transaction was recorded was properly related to the commercial EFP transaction. In order for an EFP to be effectuated;

- a. In the event that a Futures Commission Merchant (“FCM”) receives an instruction from a customer to transfer a futures contract to another customer, or to another FCM for the account of another customer, with the explanation that it is part of an EFP transaction, the FCM shall use due diligence to ascertain that the transaction actually is part of an EFP.
- b. All EFPs must include a bona fide underlying cash transaction.
  - (1) EFPs in which the cash transaction is immediately offset, cancelled, or otherwise does not incorporate risk, are prohibited.
  - (2) If an EFP is conducted prior to the completion of shipment of the underlying cash transaction, and the shipment is subsequently of a greater or lesser tonnage than the EFP, it is permissible, provided the over-shipment or under-shipment is within an amount contemplated by the contract between the parties, to conduct a subsequent EFP to correct or adjust the quantity of the original EFP. The parties to such a correcting EFP must be able to provide evidence of the over-shipment or under-shipment, and evidence of the connection to the original cash contract.
- c. Affiliated Entities may be on both sides of an EFP, provided that:
  - (1) Each Legal Entity is under separate control and is able to evidence same; and

- (2) Each Legal Entity is able to demonstrate that the EFP was a legitimate arms-length transaction.
- d. EFPs must be entered by the method prescribed by the Exchange.
- e. EFPs must be entered with the appropriate designation.
- f. Where the seller (buyer) of the cash contract is an Affiliated Entity of the buyer (seller) of the futures, the two Legal Entities must have a written agreement that addresses the management of cash and futures business. The agreement must be in place prior to the execution of EFPs.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8C.03 section title, 1<sup>st</sup> paragraph; ¶ d., e. deleted; then renumbered].**

**Amended by the Special Regulatory Committee September 9, 2013; effective October 16, 2013; [8C.03 1<sup>st</sup> paragraph; sub section c., points (1), (2) & (3); new sub section f.]**

**Amended by the Special Regulatory Committee June 25, 2014; effective July 11, 2014 [8C.03 f.].**

**Amended by the Special Regulatory Committee October 13, 2015; effective Trade Date November 6, 2015 [8C.03 1<sup>st</sup> paragraph; b. (1) and (2)].**

**Amended by the Special Regulatory Committee February 11, 2016; effective Trade Date March 9, 2016 [8C.03 c. (3) deleted].**

#### **8C.04 Exchange of Futures for Swap (“EFS”) and Exchange of Options for Options (“EOO”)**

- a. EFSs and EOOs consist of two discrete, but related, transactions; a risk transaction and an exchange-traded (futures or options) transaction. The risk transaction component shall involve the commodity underlying the futures or options contract (or any derivative, by-product or related product). The quantity or value covered by the risk transaction must be approximately equivalent to the quantity or value covered by the futures or options contracts. A risk transaction that cannot be hedged against the underlying futures or options contract cannot be a component to an EFS or EOO.
- b. At the time an EFS or an EOO is effected, the parties to the futures or options transaction must be the same parties, or an Affiliated Entity, to the risk transaction.
- c. Each party to the transaction must satisfy the Regulatory Division, upon request, that the transaction is a bona fide EFS or EOO transaction. Upon request of the Regulatory Division, all documentary evidence relating to the EFS or EOO, including, but not limited to, a master swap agreement, an OTC agreement and any supplements thereto, shall be requested by the Clearing Participants from the parties to the EFS or EOO transaction and submitted to the Regulatory Division.
- d. An EFS or EOO may be made at such prices as are mutually agreed upon by the two parties to the transaction.
- e. An EFS or EOO executed during the trading hours of the underlying futures or options contract must be submitted the same day for clearing. An EFS or EOO executed after the close of trading of the underlying futures or options contract must be submitted for clearing no later than the next Trading Day.
- f. Affiliated Entities may be on both sides of an EFS or EOO, provided that:
  - (1) The Legal Entities are under separate control, and are able to evidence same; and
  - (2) The Legal Entities are able to demonstrate that the EFS or EOO was a legitimate arms-length transaction.

- g. It is the responsibility of the Clearing Participant to ensure that all client EFS and EOO transactions comply with this Rule.
- h. EFSs and EOOs must be entered by the method prescribed by the Exchange.
- i. EFSs and EOOs must be entered with the appropriate designation.
- j. Where the seller (buyer) of the risk transaction is an Affiliated Entity of the buyer (seller) of the futures or options, the two Legal Entities must have a written agreement that addresses the management of risk and futures and options business. The agreement must be in place prior to the execution of EFSs or EOOs.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8C.04 section title; ¶ a., b., c., d. deleted then renumbered; d., e., f., g., h.].**

**Amended by the Special Regulatory Committee September 9, 2013; effective October 16, 2013; [8C.04 sub-section a.; new sub-section b.; sub-sections c. Through e., re-numbered; sub-section f., points (1), (2), & (3); sub-sections g. Through i. Re-numbered; new sub-section j.]**

**Amended by the Special Regulatory Committee June 25, 2014; effective July 11, 2014; [8C.04 j.].**

**Amended by the Special Regulatory Committee February 11, 2016; effective Trade Date March 9, 2016 [8C.04 f. (3) deleted].**

#### **8C.05 Give Ups**

A give-up occurs where a customer of a FCM instructs that FCM to give up a futures or options position to a clearing account or to the account of another FCM.

- a. Give-ups shall not involve a change in beneficial ownership;
- b. A give-up must be submitted for clearing during the time that the Clearing System retains a record of the trade that created the position, and must directly reference the trade that created the position, using the trade give-up functionality of the Clearing System. Otherwise, the transaction must be coded as a Position Transfer, in accordance with Position Transfer Rules;
- c. The executing FCM giving up a position is responsible for clearing and settlement of the position until the position is accepted by, and in the account of, the carrying firm.
- d. The giving FCM, receiving FCM, and underlying customer must set out their respective obligations and financial responsibilities to one another in a Give-Up Agreement. The Exchange reserves the right to request a copy of these Give-Up Agreements at any time.
- e. In the event that a give-up of a long futures position or a short options position is submitted to the Clearinghouse after:
  - (1) a delivery is assigned to the long futures position, or
  - (2) an exercise is assigned to the short options position
 then that delivery or exercise shall be passed through the Clearinghouse along with the positions, and the carrying firm shall be responsible for the delivery or exercise.
- f. Where transactions are executed at multiple prices, the resulting positions may be given up at an Average Price, provided that:
  - (1) each transaction used in the Average Price calculation must be for the same contract;

- (2) each order used in the Average Price calculation must be designated, at the time of acceptance from the customer, as an "Average Price" order on the office order ticket; and
  - (3) the client is informed that the price on their confirmation statement and monthly statement is an Average Price.
  - (4) any residual amounts resulting from rounding must be paid to the customer, to the nearest cent.
- g. All other Rules that apply to Position Transfers shall also apply to give-ups.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8C.05 1<sup>st</sup> paragraph; ¶ a., b., f. (4), g.].**

#### **8C.06 Allocation by Give-Up**

A trade executed in the Trading System may be directed to another entity at the time the order is entered, provided that:

- a. The user executing the trade is authorized to accept orders from the entity that placed the order and will be receiving the trade.
- b. The account number and/or Member Mnemonic of the entity receiving the trade is entered into the appropriate field(s) in the Trading System, at the time the order is entered.
- c. The user executing the trade informs the giving and receiving Clearing Participants of the allocation.
- d. The giving and receiving Clearing Participants perform the necessary actions in the clearing system to complete the allocation.

Until trades are accepted by the receiving Clearing Participant, they remain the responsibility of the giving/executing Clearing Participant.

#### **8C.07 Reserved**

**Amended by the Board April 12, 2013; effective June 1, 2013; [8C.07 deleted].**

#### **8C.08 Position Transfers**

- a. A Position Transfer occurs where a customer of an FCM instructs the FCM to transfer an existing futures or options position to an account at another FCM, or another account with the same FCM.
  - (1) Position Transfers shall not involve a change in beneficial ownership, except in the following circumstances:
    - (i) Where the transfer is necessary due to an error, when the error is identified and corrected within three (3) Trading Days of the original trade;
    - (ii) Where the transfer is made for the purpose of combining the positions held by two or more commodity pools, which are operated by the same

commodity pool operator and traded by the same commodity trading advisor, pursuant to the same strategy, so long as the transfers do not result in the liquidation of any open positions, and the pro rata allocation of interests in the consolidated account does not result in more than a de minimis change in the interest of any pool participant;

- (iii) Where, in the sole discretion of the Regulatory Division and upon the submission of the designated form, an exemption is granted for a transfer conducted in connection with a merger, asset purchase, consolidation, or other non-recurring corporate transaction between two or more entities; or
  - (iv) Where the transfer is determined by the President or his designee as being in the best interests of the Exchange or marketplace.
- (2) The transfer may be at a price outside the daily range, but the FCM must be able to substantiate that the price is either a current market-related price, the original traded price, or some other price that can be supported as commercially justifiable;
  - (3) During the delivery month, and one (1) Trading Day prior to the first delivery day, Position Transfers that offset concurrent long and short futures positions are prohibited, unless a written exemption is provided by the Regulatory Division. The receiving firm has the responsibility to ensure compliance with this Rule;
  - (4) In the case of long futures positions, Position Transfers shall not change the customer's position in the delivery queue. The giving firm has the responsibility to inform the receiving firm of the original trade execution date;
  - (5) The giving firm is responsible for clearing and settlement of the position until the position is accepted by, and in the account of, the receiving firm. Notwithstanding the foregoing, the giving FCM, receiving FCM, and underlying customer may by agreement set out their respective obligations and financial responsibilities to one another relating to the Position Transfer; and
  - (6) Should a Position Transfer of a long futures position or a short options position be submitted to the Clearinghouse after:
    - (i) A delivery is assigned to the long futures position; or
    - (ii) An exercise is assigned to the short options position;

then that delivery or exercise shall be passed through the Clearinghouse along with the transferred positions, and the receiving firm shall be responsible for the delivery or exercise.

- b. In the event of an error, and subject to the receipt of written approval from the Regulatory Division, open positions may, after Last Trading Day but prior to 12:00 noon on the Trading Day immediately following Last Trading Day, be transferred to another account, either held with the same Clearing Participant or an account held with a different Clearing Participant, to be offset against positions held in that account or to make or take delivery.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8C.08 ¶ a., a(1), a(3), b.].**  
**Amended by the Board April 12, 2013; effective June 1, 2013; [8C.09, 8C.10 deleted].**  
**Amended by the Special Regulatory Committee February 19, 2014; effective March 3, 2014 [8C.08 a.; a. (1) added a.b.c.d.; a. (3)].**

Amended by the Special Regulatory Committee August 15, 2016; effective Trade Date August 31, 2016 [8C.08 a. (1) (i)].

## Part 8D Options

### 8D.01 Options Definitions

In this Part:

- a. **“Exchange Traded Option” means** an options contract listed by ICE Futures Canada which is traded on the Trading System, and includes both Outright Options and Calendar Spread Options.
- b. **“Class” means**, all options of the same Type covering the same Underlying Interest.
- c. **“Type” means**, the classification of an option as either a “put” or a “call”.
- d. **“Series” means** all options contracts of the same Type, covering the same Underlying Interest and having the same Exercise Price and Expiry Day.
- e. **Eligible Counterparties** are individuals permitted to negotiate the terms of a Negotiated Option Strategy and must be individuals who are registered with the Exchange as either a Direct Access Trading Participant or a Trading Participant, or who are employees of a Direct Access Trading Participant or a Trading Participant, or who are employees of a company that is an Affiliated Entity to a Direct Access Trading Participant or a Trading Participant. All Eligible Counterparties must provide their contact information to the Exchange in such form as the Exchange requires.
- f. **“Exchange Traded Future” means** a futures contract listed by ICE Futures Canada which is traded on the Trading System.
- g. **“Initial Expression of Interest” means** the communication of interest in a particular Negotiated Option Strategy by an Eligible Counterparty.
- h. **Options Month means** the month noted in the Series description of an Option.
- i. **Affiliated Entity** has the meaning set out in Part C of Rule 8.

Amended by the Board April 12, 2013; effective June 1, 2013; [8D.01 e. deleted then re-numbered].

Amended by the Board August 7, 2013; effective November 25, 2013; [8D.01 sections a., b., & d.]

Amended by the Board November 1, 2013; effective November 20, 2013; [8D.01 section e.]

Amended by the Special Regulatory Committee June 3, 2015; effective June 23, 2015; [8D.01 e.; added 8D.01 i.]

Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [ 8D.01 e.].

### 8D.02 Application of Rules

Except where specifically excluded in the Rules, or where the application thereof is clearly not appropriate, the Rules pertaining to trading in futures apply to Exchange Traded Options.

### 8D.03 Unit of Trade

The Unit of Trade for Exchange Traded Options shall be one (1) option exercisable for one (1) contract of the Underlying Futures Contract for an Outright Option, or one (1) contract of each leg

of Calendar Spread Option. For Outright Options, where the Options Month does not correspond to a listed futures month, the Underlying Futures Contract shall be the next futures month that is nearest to the expiration of the option. For example, the Underlying Futures Contract for a February serial options contract is the March futures contract.

**Amended by the Board August 7, 2013; effective November 25, 2013; [8D.03]**

#### **8D.04 Authorization of Trading**

- a. Trading in Outright Options is authorized for the following Underlying Futures Contracts:
  - (1) Canola;
- b. Trading in Calendar Spread Options is authorized for the following Underlying Futures Contracts:
  - (1) Canola, in “one month” calendar spread options, where the nearby and deferred months in the spread are sequentially-listed futures contract months.

**Amended by the Board August 7, 2013; effective November 25, 2013; [paragraph a.; new sub-section b. (1)].**

**Amended by the Board October 25, 2017; effective Trade Date October 26, 2017 [8D.04 a. (2), (3) and (4) removal of milling wheat, durum wheat and barley].**

#### **8D.05 Strike Price Multiples**

Minimum strike price multiples shall be as follows:

- a. Five dollars (\$5.00) / tonne for Outright Options;
- b. One dollar (\$1.00) / tonne for Calendar Spread Options

**Amended by the Board August 7, 2013; effective November 25, 2013; [1<sup>st</sup> para.; new sub-sections a. and b.].**

#### **8D.06 Settlement Price**

- a. A mathematical formula with adjustments subject to such modifications as may be deemed advisable by the Exchange, shall be used to calculate settlement premiums.
- b. The settlement price is the price that determines margins.
- c. The settlement price shall be a price calculated in the sole discretion of the Exchange which takes into account a number of market factors, including but not limited to:
  - (1) the implied volatilities of trades at the time of execution;
  - (2) the implied volatilities of bids and offers at the time of entry;
  - (3) the previous day’s settlement volatility;
  - (4) the change in volatilities in other options months; and
  - (5) the change in historical volatilities of the underlying futures
- d. The settlement price shall be calculated by the Exchange for each series of options with open interest, and recorded, displayed, and reported to the Clearinghouse. At the

Exchange's discretion, a settlement price may be calculated and displayed for a series of options with no open interest.

- e. The Exchange shall be responsible for the procedures for calculation of absolute values of days to expiry, interest rates and volatilities specific to the approved formula.
- f. An unofficial settlement price shall be disseminated fifteen (15) minutes prior to becoming the Official Settlement Price. Any objections or appeals to the unofficial settlement price must be brought to the attention of ICE Market Supervision (212) 748-3949 within this fifteen (15) minute period. In the event that an objection or appeal is filed, the settlement price may be amended within a period of up to one (1) hour after the first dissemination.
- g. No amendment to an Official Settlement Price may be made without the express approval of the President or his designate.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8D.06 sub-sections a., d.].**  
**Amended by the Board November 1, 2013; effective November 20, 2013; [8D.06 sub-section f.].**

#### **8D.07 Premium Payments**

The total premium shall be paid in full by the Buyer to the Seller through the Clearinghouse on the day of the transaction.

#### **8D.08 Advance Notice of Expiry**

Two (2) Trading Days before expiry day all Participants registered in the category of Futures Commission Merchants shall request instructions from each customer holding a long position regarding the exercise of the Exchange Traded Option.

#### **8D.09 Expiry Day**

- a. The contractual rights and obligations relative to an Outright Option, except January options, shall expire at 3:30 p.m. on the last Friday which precedes by at least two (2) Trading Days the last Trading Day of the month immediately preceding the Options Month.
- b. The contractual rights and obligations relative to a Calendar Spread Option, except those involving January as the front month of the Calendar Spread, shall expire at 3:30 p.m. on the last Friday which precedes by at least two (2) Trading Days the last Trading Day of the month immediately preceding the nearby month of the Calendar Spread.
- c. In the event that such Friday is not a Trading Day the expiry day shall be the Trading Day first preceding.
- d. The contractual rights and obligations relative to January, as noted in a. and b. above, shall expire at 3:30 p.m. on the third Friday of December. In the event that such Friday is not a Trading Day the expiry day shall be the Trading Day immediately preceding.
- e. Notwithstanding the foregoing, under certain circumstances or market conditions the President or his designate may vary the procedure for determining the expiration date, trading time, or closing time of any option contract.

**Amended by the Board August 7, 2013; effective November 25, 2013 [8D.09, sections a.; new sub-section b.; d., and e. changed; sections re-numbered.].**  
**Amended by the Board November 30, 2015; effective Trade Date December 31, 2015 [8D.09 e.].**



#### **8D.10 Right of Exercise**

Exchange Traded Options may be exercised by the Holder on any Trading Day up to and including the expiry day of the Exchange traded Options in accordance with Clearinghouse Rules. The Clearinghouse will assign appropriate positions in the Underlying Futures Contract to the Holder and to the Writer respectively at the Exercise Price in accordance with Clearinghouse Rules.

#### **8D.11 Automatic Exercise**

Unless prior written notice has been received from the Clearing Participant, the Clearinghouse shall, after the close of trading of the Underlying Futures Contract on the last day of trading of an Exchange Traded Option, automatically exercise each Exchange Traded Option for which the exercise price is In-The-Money. Options which are not In-The-Money will not be exercised unless specific instructions are given to the Clearinghouse in the form prescribed.

**Amended by the Board August 7, 2013; effective November 25, 2013; [8D.11].**

#### **8D.12 Method of Exercise**

- a. For each Exchange Traded Option being exercised, the Clearinghouse shall assign the appropriate Underlying Interest as follows:
  - (1) For Outright Options, in the case of a Call Option, the Writer shall be assigned a short position and the Holder shall be assigned a long position of one unit of the Underlying Futures Contract at the exercise price of that Series; or
  - (2) For Outright Options, in the case of a Put Option, the Writer shall be assigned a long position and the Holder shall be assigned a short position of one unit of the Underlying Futures Contract at the exercise price of that Series.
  - (3) For Calendar Spread Options, in the case of a Call Option, the Writer shall be assigned one (1) unit of a short position in the nearby futures month of the Calendar Spread and one (1) unit of a long position in the deferred futures month of the Calendar Spread, at the exercise price differential of that Series. The Holder shall be assigned the opposite positions of the Writer, at the exercise price differential of that Series.
  - (4) For Calendar Spread Options, in the case of a Put Option, the Writer shall be assigned one (1) unit of a long position in the nearby futures month of the Calendar Spread and one (1) unit of a short position in the deferred futures month of the Calendar Spread, at the exercise price differential of that Series. The Holder shall be assigned the opposite positions of the Writer, at the exercise price differential of that Series.
- c. For Calendar Spread Options, the assignment price for the nearby futures month in the Calendar Spread shall be the settlement price of that futures month. The assignment price of the deferred futures month in the Calendar Spread shall be the settlement price of the nearby futures month, plus or minus the differential of the exercised strike price.

**Amended by the Board August 7, 2013; effective November 25, 2013; [8D.12 b. (1), (2), new sections (3), (4); c.].**

### 8D.13 Margins

- a. Minimum margin requirements for Exchange Traded Option Writers shall be determined daily by use of the Standard Portfolio Analysis of Risk (SPAN®)<sup>1</sup> procedure as modified by approval of the Exchange.
- b. No FCM may accept or carry an account for a customer who is short Exchange Traded Options, without maintaining at least the minimum required margins.
- c. All FCMs may require more than the minimum margins from a customer.
- d. Exchange Traded Option Holders, having paid the total premium, are not required to maintain margins.

### 8D.14 Negotiated Option Strategy

- a. A Negotiated Option Strategy is an Ancillary Transaction that involves:
  - (1) At least two (2) separate underlying Exchange-listed contracts (“Legs”);
  - (2) At least one (1) of the Legs must be an Exchange Traded Option;
  - (3) If one (1) Leg is an Exchange Traded Future, it must be the underlying Exchange Traded Future to the Exchange Traded Option Series forming the other Leg;
  - (4) If all Legs are Exchange Traded Options, they must be of different Series.
  - (5) If one (1) or more Legs is a Calendar Spread Option, and there are also Legs which are Exchange Traded Futures, the Exchange Traded Futures must be the spread(s) on which the CSO is based.
  - (6) Trade at Settlement (“TAS”) transactions are not permitted as legs of a Negotiated Option Strategy.
- b. A Negotiated Option Strategy is negotiated on a bi-lateral basis between Eligible Counterparties.
- c. Except as specifically set out herein, all Rules pertaining to Exchange Traded Options shall apply to a Negotiated Option Strategy.
- d. Only Eligible Counterparties may negotiate the terms of a Negotiated Option Strategy.
- e. Minimum quantities shall apply to the Exchange Traded Option leg(s) of all Negotiated Option Strategies. This minimum quantity shall be assessed on the total volume represented by all options legs of the Negotiated Option Strategy, and shall be as follows:
  - (1) For Canola, a minimum options quantity of 50 contracts.
- f. In the case of Negotiated Option Strategies involving an Exchange Traded Futures leg, the quantity of such leg shall be determined in conjunction with a reasonable delta for the Exchange Listed Option leg(s), on a delta-neutral basis, within a fair and reasonable calculation of futures volume.

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<sup>1</sup> Neither Intercontinental Exchange, Inc. nor any of its affiliates is the source of SPAN®. The SPAN® methodology was developed by Chicago Mercantile Exchange Inc. and is used by Intercontinental Exchange, Inc. and its affiliates to develop customized versions of SPAN®. SPAN® is a registered trademark of Chicago Mercantile Exchange Inc., used herein under license. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN® by any person or entity.

- g. The price of each leg of a Negotiated Option Strategy shall be fair and reasonable in light of the size of the Negotiated Option Strategy, and the price and size of other trades in the same contracts in the Trading System at the relevant time.
- h. Negotiated Option Strategies may only be transacted during the hours in which trading on the Trading System is open for the contracts involved in the strategy.
- i. All transactions in Negotiated Option Strategies must begin with an Initial Expression of Interest.
- j. An Initial Expression of Interest must contain specific information on the option(s) series and futures contract (where applicable) that the Eligible Counterparty wishes to negotiate.
- k. For each Initial Expression of Interest, an Eligible Counterparty must send an email to all other Eligible Counterparties, via the method determined by the Exchange. Once an Initial Expression of Interest is sent by an Eligible Counterparty, all Eligible Counterparties may conduct negotiations on that strategy.
- l. Any changes to the parameters of an Initial Expression of Interest, other than price, delta, or quantity, shall constitute a new Initial Expression of Interest requiring a new email to all Eligible Counterparties and the Exchange.
- m. Each Eligible Counterparty must submit information about a trade in a Negotiated Option Strategy to the Exchange and to its Clearing Participant (or in the case of an Eligible Counterparty which does not have a Clearing Participant, to its Futures Commission Merchant), in an email to the Exchange, at the address specified by the Exchange, within fifteen (15) minutes of the conclusion of negotiations. This information shall include:
  - (1) The name of the Registered Participant submitting the Negotiated Option Strategy;
  - (2) The name of the Clearing Participant or FCM of the entity submitting the Negotiated Option Strategy;
  - (3) The name of the client (company or individual), if the Registered Participant is not the beneficial owner of the Negotiated Option Strategy;
  - (4) the identity of both of the Eligible Counterparties to the Negotiated Option Strategy;
  - (5) The options Series and Futures contract (where applicable) involved in the Negotiated Option Strategy;
  - (6) The price of the strategy, and of the underlying legs;
  - (7) The number of contracts traded for each leg;
  - (8) Whether the submitting party is the buyer or seller of each leg; and
  - (9) the time at which the negotiations were concluded with the counterparty.
- n. A Negotiated Option Strategy must be submitted by the Clearing Participant of the seller, or other entity authorized by the Clearing Participant of the seller, in the method prescribed by the Exchange, within twenty (20) minutes of the completion of negotiations. The Negotiated Option Strategy must be confirmed by the Clearing Participant of the

buyer, or other entity authorized by the Clearing Participant of the buyer, in the method prescribed by the Exchange, within (30) minutes of the completion of negotiations.

- o. Corrections to Negotiated Option Strategy transactions must be made through the method prescribed by the Exchange.

**Amended by the Board April 12, 2013; effective June 1, 2013; [8D.14 new ¶ a., b. then renumbered, n., new ¶o].**

**Amended by the Board August 7, 2013; effective November 25, 2013 [8D.14 new sub-section 5); ¶f.].**

**Amended by the Board August 11, 2014; effective September 4, 2014 [8D.14 e. (1) and (2)].**

**Amended by the Special Regulatory Committee October 13, 2015; effective Trade Date February 1, 2016 [8D.14 k.].**

**Amended by the Board November 30, 2015; effective Trade Date February 1, 2016 (8D.14 a. 6)].**

**Amended by the Special Regulatory Committee February 11, 2016; effective Trade Date March 14, 2016 [8D.14 k., m., and added m.(9)].**

**Amended by the Board October 25, 2017; effective Trade Date October 26, 2017 [8D.14 a. (1) removal of barley and (2) removal of milling wheat and durum wheat].**

## APPENDIX A

### ERROR TRADE POLICY

#### GUIDANCE - ICE FUTURES CANADA POLICY ON ERROR TRADES ("ERROR POLICY")

1. In normal circumstances, the Exchange will only adjust prices or cancel trades on the basis that the price traded is not representative of market value. Any trade where the only error is the number of contracts traded and not the price at which they are traded, will not be subject to cancellation. **The Exchange will make the final decision on whether a trade is adjusted, cancelled, or allowed to stand.**
2. The Exchange sets and may vary price Reasonability Limits within the Trading System for each futures contract, beyond which the Trading System will not execute limit or market orders.
3. There is a defined No-Cancellation Range. Trades executed in futures or options within this price range will not, under normal circumstances, be cancelled or price-adjusted.
4. Persons have eight (8) minutes from the time of the original trade in which to allege a trade as an error.
5. ICE Market Supervision will notify the market immediately that an error has been alleged, giving details of the trade including contract month, price and volume.
6. In order to assist the Exchange in determining whether the trade alleged as an error has taken place at an unrepresentative price, the Exchange may contact/consult Persons. The Exchange will take into account a variety of market factors in its determination, including whether consequential trades have resulted. Each error situation will be assessed on its individual circumstances. The Exchange will determine whether or not the trade will be cancelled or price-adjusted. The decision of the Exchange will be final.
7. Where consequential trades based on the price of the alleged error trade are executed after ICE Market Supervision has notified the market of the alleged error trade, and where the Exchange, in consultation with Persons, subsequently determines that the alleged error trade is cancelled or price-adjusted, these Consequential Trades may have their prices adjusted, may be cancelled, or may stand. The decision of the Exchange will be final. One of the factors taken into consideration by the Exchange will be whether the alleged error trade triggered contingent orders or resulted in the execution of spread trades, or whether another market user or client relied on the price to execute consequential trades.
8. The Exchange has the unilateral right to cancel any order, adjust the price of any trade, or cancel any trade, which it considers to be at an unrepresentative price where there has been no referral or request from a Person. The Exchange reserves its right to consider each situation on its individual merits and may therefore amend these policies in light of the circumstances of each individual case.
9. Cancelled trades, and prices that have been adjusted, will be cancelled in the Exchange's official record of time and sales. Trades that are price-adjusted will also be inserted in the official record of time and sales at the adjusted trade price.
10. Ancillary Transactions submitted to the Exchange through ICE Block will not be subject to the Error Trade Policy. Such trades may be adjusted or cancelled by contacting Market

Supervision or the Help Desk, subject to both parties to the trade agreeing to the adjustment or cancellation. The Exchange and Clearinghouse reserve the absolute right to refuse any such request.

**Amended by the Board April 12, 2013; effective June 1, 2013; [¶ 11].**

**Amended effective March 14, 2014 [deleted former ¶ 8].**

**Amended by Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [paras 4., 6., 7., and 8.]**

### **Defined No Cancellation Range For Futures**

The Exchange determines parameters above or below an Exchange set Anchor Price for each Contract within which a trade alleged as an error trade may not be cancelled. Such parameters are known as a 'No Cancellation Range'.

The Anchor Price for futures is set by the Exchange and is based on the front contract month. The price may be the previous night's settlement price, the opening call or the last traded price. The Anchor Price of the contract months other than the front month is achieved by applying spread differentials against the front month Anchor Price.

If the Exchange determines to adjust the price of a futures trade, the price may be adjusted to a value plus or minus the No-Cancellation Range from the Exchange's determination of fair value for that contract month.

If a trade takes place within the No Cancellation Range and is alleged as an error, the trade will not normally be cancelled or price-adjusted.

### **Options Errors**

The Exchange's review of an alleged option error will be based on a calculation using appropriate pricing components (including, but not limited to, implied volatility and the underlying futures price at the time of the trade), to determine if the trade was executed at a premium that was significantly divergent from the option's value at the time of the trade. As a general guideline, options trades will stand if they are executed within a No Cancellation Range surrounding the option's value determined by the Exchange at the time of execution. For options with a value of \$1.00 or more, the No Cancellation Range will typically be plus or minus 30% of the option's value, with a minimum differential of \$1.00, and a maximum differential of \$4.00. If the Exchange determines that the premium of an option trade is not representative of the market value for that option, then the premium of such option trade may be adjusted to the value of the option at the time the trade under review occurred, plus or minus the No Cancellation Range.

In the case of an option with a premium of less than \$1.00, there is no defined No Cancellation Range. Alleged errors in these options will be evaluated on a case-by-case basis, and options trades may be adjusted to the value of the option at the time of the trade plus or minus a value determined by the Exchange.

The Exchange, at its discretion, may cancel trades, or allow trades to stand, rather than adjusting the premium. The decision of the Exchange is final.

NOTE that the Exchange and Market Supervision have the authority to expand the No Cancellation Range during volatile market conditions without prior notice.

### **Price Reasonability Limits, Interval Price Limits, and Potential Error Trades**

The Trading System incorporates a price Reasonability Limit ("RL"), to prevent 'fat finger' type errors, for futures and outright options. The reasonability limit is the amount the price may

change in one trading sequence from the Anchor Price. In addition, the Trading System incorporates an Interval Price Limit ("IPL"), for futures, which represents the amount by which the price may change within a given period of time.

RLs and IPLs are set by the Exchange and may be varied without notice according to market conditions. Orders to sell at prices below the lower RL or IPL, and orders to buy at prices above the upper RL or IPL, will not be accepted by the Trading System, unless such orders are within the RL and are capable of being executed opposite previously resting orders at more favorable prices within the IPL. In such instance, the order will automatically execute against the resting order(s).

In the outright options market, each option order submitted to the Trading System will be evaluated against an RL for the specific strike price, call and put. An RL range will be established around the theoretical premium value for each option call and put. The theoretical premium value will be calculated using the Black-Scholes model and will dynamically update throughout the day. The RL range will allow for entry of bids and offers within a certain percentage of the option's current theoretical premium value. The percentage is determined by the Exchange, and is subject to change without notice. For options with little theoretical value (deep out-of-the-money), a minimum premium range established by the Exchange will be used.

Any trade executed at a price outside of the No-Cancellation Range, but within the price RLs or IPLs, if notified to the Exchange within the designated time period, would be considered an alleged error trade.

Calendar Spread Options (CSOs) do not have RLs. Any CSO trade outside of the No-Cancellation Range, if notified to the Exchange within the designated time period, would be considered an alleged error trade.

The price RLs and IPLs for each Contract will be flexible to take account of prevailing market conditions. It remains at the discretion of the Exchange to determine when such conditions apply. The Exchange reserves its right to consider each alleged error trade situation on its individual merits and may therefore amend these Limits in light of the circumstances of each individual case and prevailing market conditions.

**Amended by the Board November 1, 2013; effective November 20, 2013; [paras 1 and 3, new para 5].**

**Amended by the Board February 7, 2014; effective March 10, 2014; [para 2].**

### **Anchor Price**

The Anchor Price for futures is set by the Exchange and is based on the front contract month, or most active contract month, or other contract month as determined by the Exchange (the "Prompt Month"). The anchor price of the Prompt Month may be the previous night's settlement price, the opening call, or the last traded price. The anchor price of other contract months is achieved by applying spread differentials against the Prompt Month anchor price.

### **Factors used in the Resolution of Alleged Error Trades**

When dealing with alleged errors, a swift resolution is paramount. This preserves market integrity and limits the possibility of consequential trades executed as a direct result of the execution of the error trade.

In determining whether a trade has taken place at an unrepresentative price, certain factors will be taken into account. They may include, but not be limited to:

- ◆ price movement in other delivery months of the same commodity;

- ◆ current market conditions, including levels of activity and volatility;
- ◆ time period between different quotes and between quoted and traded prices;
- ◆ information regarding price movement in related contracts, the release of economic data or other relevant news just before or during electronic trading hours;
- ◆ manifest error;
- ◆ whether there is any indication that the trade in question triggered stops or resulted in the execution of spread trades;
- ◆ whether another market participant or client relied on the price;
- ◆ any other factor which the Exchange, at its sole discretion, may deem relevant.

The Exchange will not disclose to the counterparties to the alleged error trade the identity of their counterparty. The identities of the counterparties to the alleged error trade will not be disclosed to any Person it may consult with. The Exchange believes that the identity of the counterparties to an alleged error trade should not affect the determination of whether a price is representative of market value or not.

It should be noted that the Exchange has the unilateral right to adjust the price of, or cancel, any trade clearly executed in error where there has been no request from a Person, in the interest of maintaining a fair and orderly market. The Exchange aims to exercise this right promptly after the trade has been identified. The decision of the Exchange will be final.

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [paras 3 and 4].**

### **Consequential Trades**

One of the factors taken into consideration by the Exchange will be whether the alleged error trade triggered contingent orders or resulted in the execution of spread trades or whether another Person or client relied on the price to execute consequential trades.

When resolving a situation involving consequential trades, the Exchange will consider these on a case by case basis, evaluating each situation on its individual circumstances and merits. When considering its approach, the Exchange will consider those consequential trades directly related to the error trade and consider reasonably any trades (specifically spread trades) which have been derived from the error itself and those executed as a result of it.

In circumstances where trades are executed as a consequence of the alleged error trade after the Exchange has notified the market of the alleged error trade, should the alleged error trade subsequently be cancelled or price-adjusted, consequential trades may have their prices adjusted, may be cancelled, or may stand.

Whilst the Exchange endeavours to ensure that the policy set out is adhered to, the Exchange reserves the right to consider all alleged error trade situations on their individual merits and may therefore amend these policies in light of the circumstances of each individual case.

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [first para].**

### **ICE Market Supervision – contact with Responsible Individuals/users**

**All requests to cancel error trades, adjust trade prices, or cancel orders must be directed to ICE Market Supervision at (212) 748-3949.**

There may be occasions during the trading day when traders who are order-routing through WebICE have reason to make direct contact with ICE Market Supervision. While the Exchange is pleased to assist all users of the system by providing advice and information, it is not the policy of



the Exchange to take any instructions from such clients/users in respect of the cancellation of trades.

All such instructions must, without exception, be directed to the ICE Market Supervision via the Responsible Individual or senior management of the Participant submitting the order. It is the responsibility of Participants to ensure that they are able to respond to their client's instructions at all times.

Participants are also advised that any request for the removal of orders made to the ICE Market Supervision by the Responsible Individual or senior management of the Participant shall always be actioned on a best-endeavours basis by ICE Market Supervision.

**TABLE OF NO CANCELLATION RANGE AND PRICE REASONABILITY LIMITS**

<b>Contract</b>	<b>Price Reasonability Limit</b>	<b>No Cancellation Range</b>
Canola Futures	80 ticks (\$8.00)	60 ticks (\$6.00) from the Anchor Price
Outright Options	40% from fair value, as determined by the Exchange, with a minimum of \$2	30% from fair value, as determined by the Exchange, with a minimum of \$1.00 and maximum of \$4.00  Options with values of less than \$1.00 are \$0.00
Calendar Spread Options	None	30% from fair value, as determined by the Exchange, with a minimum of \$1.00 and maximum of \$4.00  Options with values of less than \$1.00 are \$0.00

**Amended by the Board November 1, 2013; effective November 20, 2013; [Table of no cancellation range and price reasonability limits; options section; calendar spread options added under contract]**

**Amended effective March 14, 2014 [revised canola Reasonability Limit].**

**Amended by the Board October 25, 2017; effective Trade Date October 26, 2017 [Table of no cancellation range and price reasonability limits - removal of milling wheat, durum wheat and barley futures]**

**TABLE OF INTERVAL PRICE LIMITS**

<b>Contract</b>	<b>Interval Price Limit</b>	<b>IPL Recalculation Time and IPL Hold Time</b>
Canola Futures	90 ticks (\$9.00)	30 seconds / 10 seconds
Outright Options	None	n/a
Calendar Spread Options	None	n/a

***Please note:***

*The price Reasonability Limits, Interval Price Limits, and No Cancellation Ranges for each Contract necessarily are flexible to take account of prevailing market conditions. It remains at the discretion of the Exchange to determine when such conditions apply. The Exchange reserves its right to consider each alleged error trade situation on its individual merits and may therefore amend these price Reasonability Limits, Interval Price Limits, and No Cancellation Ranges in light of the circumstances of each individual case and prevailing Market conditions.*

**Amended by the Board November 1, 2013; effective November 20, 2013; [Table of Interval Price Limits; change to options section; calendar spread options added under contract].**

**Amended by the Board October 25, 2017; effective Trade Date October 26, 2017 [Table of Interval Price Limits - removal of milling wheat, durum wheat and barley].**

## APPENDIX B

### MESSAGE USE POLICY

#### Introduction

The level of computer-generated order-flow on the Exchange has progressively increased since the Exchange's business became fully electronic. In some circumstances, inefficient and excessive messaging can slow the performance of the ETS and increase bandwidth and other operational requirements. In order to address this concern, the Exchange implemented the Exchange Messaging Policy ("the Policy").

The Policy is designed to discourage inefficient and excessive messaging without compromising market liquidity and sets out certain messaging thresholds which it expects Firms with direct access not to exceed.

Most trading activity for Firms with direct access operates well within the thresholds set out in this Policy. ICE Operations will levy charges on those Firms with direct access whose system usage per Firm as configured on the ICE Platform exceeds certain thresholds. These charges will be payable directly to ICE Operations, in U.S. dollars.

#### Scope of Policy

This Policy applies to such Exchange contracts as shall be designated from time-to-time ("the Designated Contracts"). The initial Designated Contract is canola. The Policy will apply to those Firms with direct access who enter more than 100,000 messages in any Designated Contract market on a particular trading day. For the purposes of the Policy, each order submission, revision, hold, cancel/replace and/or consummation constitutes a message.

#### Weighted Volume Ratio

The Weighted Volume Ratio ("WVR") is defined as the total number of messages sent to the ETS multiplied by a price-based weighting scale divided by the total number of lots traded. The result is a figure for weighted messages per executed contract.

Each message is weighted as set out below.

	Price-based weighting multiplier		Description
	Outrights	Spreads	
Price difference from best bid or offer			
None (best bid or offer)	0	0	If the price is the best bid or offer, it will not be counted
At market bid or offer	0	0	If the price equals the best bid or best offer, it will not be counted
1 tick off market	0.5	0.25	If the price is within one minimum price fluctuation ("tick") of the best bid or best offer it will count as one half of a message for an outright market and one quarter of a message for a spread market

2 ticks off market	1.0	0.5	If the price is within two (2) ticks of the best bid or best offer it will count as one (1) message for an outright market and half (0.5) a message for a spread market
3 to 5 ticks off market	2.0	1.0	If the price is between three (3) and five (5) ticks from the best bid or best offer it will count as two (2) messages for an outright market and one (1) message for a spread market
More than 5 ticks off market	3.0	2.0	If the price is more than five (5) ticks from the best bid or best offer it will count as three (3) messages for an outright market and two (2) messages for a spread market

### **WVR Thresholds**

Firms with direct access who exceed a WVR of 100:1 in a Designated Contract on a particular trading day will receive an electronic notification.

Firms with direct access who exceed a WVR of 100:1 in any Designated Contract or spread market for seven (7) or more electronic trading days in any calendar month will be subject to a one thousand U.S dollar (US\$1,000) surcharge for that calendar month.

Firms with direct access who meet or exceed a WVR of 500:1 in any Designated Contract or spread market on any electronic trading day will be subject to a two thousand U.S. dollar (US\$2,000) surcharge per day for every day that the WVR of 500:1 has been met or exceeded.

Firms with direct access may obtain information regarding their messaging at the ICE website, [www.theice.com](http://www.theice.com).

Firms with direct access who are registered with the Exchange in the category of Market Makers will be monitored under the guidelines set forth in this Messaging Policy; however, such Market Makers may be exempted from the surcharges listed below with such exemption to be determined on a case-by-case basis according to specific circumstances, which include but are not limited to, the liquidity of the particular market and the volume and number of trades by such Market Maker in the particular market.

### **Restriction or suspension of access**

In addition to the surcharges levied by ICE Operations, both the Exchange and ICE Operations retains the right to restrict or suspend access to Exchange markets should it be determined that the message usage associated with any Firm with direct access becomes capable of impairing the orderly conduct of business. Such determination will be made by the Exchange or ICE Operations in their absolute discretion and may be made at any time and, if necessary, any consequent restriction or suspension may be implemented immediately and without notice.

## APPENDIX C

### PROCEDURE REQUIREMENTS FOR UNIQUE TRADER IDENTIFICATION INFORMATION

#### Introduction

Rules 8B.04.1 and 8B.04.2, require that Persons submitting an order to the Trading System have a Unique Trader Identifier. This Procedure is to provide details on compliance with the requirements of Rules 8B.04.1 and 8B.04.2.

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017.**

#### Procedure and Details

The Unique Trader Identifier must be attached to all orders submitted to the Trading System, whether the order is by direct access or by order routing. The Unique Trader Identifier must be contained within either the Log-in itself (WebICE ID) or in the Authorized Trader field (FIX Tag 116 right) of the FIX Trader Identification Tags detailed below.

In the case of a trader connecting to the Trading System through WebICE or ICE Block, the Trader will be issued a unique Log-in ID and the FIX Trader Identification Tags will not be required.

In the case of a trader connecting to the Trading System through an ISV, proprietary connection, or other FIX-based system, the FIX Regulatory Tags and specifically FIX Tag 116 ("Authorized Trader ID") are required.

In addition, information regarding the Authorized Trader IDs must be submitted through the Authorized Trader Management System ("ATMS"), as required by the Exchange for the Persons described in Rule 8B.04.2.

FIX Trader Identification Tags 115, 116, and 144 are required to be submitted for each trader pursuant to Rule 8B.04.2. Each tag contains two data elements, separated by the "pipe" character.

Tag 116 right – Authorized Trader ID. The information included must identify the person physically entering the order. The Authorized Trader ID can be an alpha or numeric code that uniquely identifies the Trader.

Tag 116 left – Routing Trader ID. Must identify the Trader through whom the order was routed, if more than one level of order routing occurs. Otherwise, duplicate value from Tag 116 right.

Tag 115 right – Authorized Member ID. Must identify the company entering the order. The Authorized Member ID is a code or value that identifies the company if applicable, with which the Trader is associated.

Tag 115 left – Routing Member ID. Must identify the order routing company, if more than one level of order routing occurs. Otherwise, duplicate value from Tag 115 right.

Tag 144 left – Routing Group ID. Must identify the ISV or API, including the name of the software vendor or proprietary application used.

Tag 144 right – Authorized Group ID. May identify the originating desk, department, or other group entering the order. This tag may be used in conjunction with the ICE Self-Trade Prevention Functionality ("STPF"), to prevent self-trades between certain groups of traders.

Amended by the Special Regulatory Committee September 9, 2013; effective October 16, 2013; [Procedure requirements for Unique User Information, procedure and details 3<sup>rd</sup> paragraph; Tag 116 right].

Amended by the Special Regulatory Committee January 24, 2017; effective Trade Date March 1, 2017 [Procedure requirements for Unique Trader Identifier Information; Tag 114 right].

Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [4<sup>th</sup> para].

## APPENDIX D

### SELF-TRADE PREVENTION POLICY

All Persons engaging in proprietary trading are required to implement procedures to protect against self-trading that violates the Exchange's wash trading prohibition set out in Rule 8A.07.

The Trading System has functionality, called the "Self Trade Prevention Functionality" ("STPF") that can assist Persons in preventing violations of wash trading prohibitions. As set out below, certain Participant categories are required to utilize the STPF.

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017.**

#### Description of Functionality

The STPF resides within the ICE trading engine and provides various automated configurations to prevent self-trading of orders entered by the same firm or related firms; under the same Authorized Trader ID or the same account; or within the same Authorized Group ID. The functionality has the ability to be applied at any of the following levels:

Company ID – At this level, STPF can be employed on an inter-company or intra-company basis. The inter-company STPF prevents self-trading by different companies with common ownership (ie, under a common parent company) whereas intra-company STPF prevents self-trading within a single company. Firms wishing to use this type of STPF must ensure that Company IDs, are properly populated for all orders.

Authorized Group ID – At this level, a company can create Group IDs for the purpose of preventing self-trading by members of a group (within a single entity or related entities) that have access to or knowledge of each other's orders. The Authorized Group ID (Fix Tag 144/right side) is created by the Participant and is passed to the Exchange on each order message. Firms are responsible for ensuring that Authorized Group IDs are sufficiently comprehensive to include all relevant traders. Those firms that have traders utilizing WebICE IDs will need to provide the ICE User Administration team with the names and WebICE IDs of the users they want grouped together and the ICE User Administration team will create and assign the Authorized Group IDs as requested by the firm.

Authorized Trader ID – At this level, STPF prohibits self-trading under the same Authorized Trader ID. For WebICE users, this would be the unique User ID assigned by ICE. For orders submitted to the Exchange through a FIX connection, the Authorized Trader ID is submitted in Tag 116 to the right of the pipe delimitator.

Account – At this level, STPF prohibits self-trading for the same account. The account must be an exact match.

Note that STPF does not apply to derived orders from spreads or other strategies that trade across outright orders. Only outright-to-outright orders and spread to same spread orders will be prevented from self-trading.

The STPF permits selection of any one of the following actions to occur when the matching engine detects a potential self- trade:

Reject Taking Order (RTO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, the incoming bid/offer (or "Taking Order") will be automatically rejected.

Reject Resting Order (RRO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, the resting bid/offer (or “Resting Order”) will be automatically cancelled.

Reject Both Orders (RBO) – If a new incoming bid/offer would result in a self-trade match with a resting offer/bid, both the Taking Order and Resting Order will be automatically cancelled.

If the resting order has the top priority in the order book, and would result in a self-trade against the entire quantity of the inbound opposing order, then the appropriate RTO, RRO, or RBO functionality will be employed, and the relevant order (RTO; RRO) or orders (RBO) will be cancelled entirely. However, if the resting order is not the top priority order for the full volume of the inbound order, then any partial fills across unrelated parties will be permitted to occur prior to cancellation of the balance of the inbound order.

All prevention criteria configurations are set up by ICE User Administration upon request.

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [Authorized Group ID].**

### **Mandatory Use of STPF**

The STPF has been implemented to assist firms and individuals conducting proprietary trading with their wash trade compliance procedures.

The use of STPF is mandatory at the Authorized Trader ID level for Proprietary Traders, with direct market access, which utilize algorithmic trading applications. For the purposes of this Policy, “Proprietary Traders” means: an entity (company or individual) that trades for its own account, and which does not trade for customer/client accounts.

Those who are required to utilize STPF to prohibit self-trading under the same Authorized Trader ID level may not opt out or otherwise override the use of STPF at this level.

Other Persons are encouraged to utilize STPF at a level that is appropriate to the nature of their trading operations and organizational structure. The Exchange intends that the mandatory use of STPF at Authorized Trader ID level will be extended over time to cover all Proprietary Traders and commercial/merchant entities other than those which trade for customer/client accounts.

It is incumbent upon all Persons to be able to demonstrate compliance with the rules that prohibit wash trading. The failure to utilize the STPF will be deemed an aggravating factor if such Person is found to have engaged in wash trading, that would have been prevented by the STPF.

**Amended by the Special Regulatory Committee November 7, 2017; effective Trade Date December 1, 2017 [paras 4 and 5].**